

QS Corner

TIP #24

Welcome to QS Corner!
This month we look at whether
size really matters?!!

Taller buildings attract higher plant and equipment allowances and the higher the plant and equipment, the higher the depreciation.



Plant and equipment refers to necessary services within the building, as well as items within the property itself.

Some of the services required as buildings increase in height are obvious, such as a lift (transport service). Other services are less obvious, with fire hose reels and intercoms all being depreciable under this category.

The other reason tall buildings have a higher ratio of plant and equipment has to do with the amenities the developer provides. For instance, some high-rise buildings have swimming pools, gyms and even mini cinemas.

By way of example a high-rise apartment building costing, say \$500,000 to buy might get \$15,000 depreciation in year one.

A house of similar purchase price might yield approximate \$12,000.

But keep in mind that a tall building doesn't necessarily make a better investment.

It often means there'll be higher levies and additional expenses, and you own less land as well. But at the end of the day, it's up to you to weigh up the pros and cons... and make that final decision!



Tyron Hyde is a director of quantity surveying firm Washington Brown. For more QS Corner tips and information on property depreciation including a FREE online tax depreciation calculator, visit www.washingtonbrown.com.au



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